



THE CITY OF SAN DIEGO **MANAGER'S REPORT**

DATE ISSUED: July 26, 2001 REPORT NO. 01-165

ATTENTION: Natural Resources and Cultural Committee
Agenda of August 1, 2001

SUBJECT: Summary Report on the Stakeholder Workshops Held Regarding
Leasing and Disposition of City-owned Property to Nonprofit
Organizations

REFERENCE: City Manager's Report No. 01-058 issued on March 21, 2001, and AIM
No. 01-0155 - Nonprofit Leases Workshops

SUMMARY

THIS IS AN INFORMATION ITEM ONLY. NO ACTION IS REQUIRED ON THE PART OF THE COMMITTEE OR THE CITY COUNCIL.

BACKGROUND

The City currently has over 300 agreements involving the use of City-owned assets by nonprofit organizations. This number includes the 113 nonprofit lease agreements that Real Estate Assets Department (READ) administers and the more than 200 agreements issued to nonprofit organizations by the Park and Recreation Department.

There are several existing Council Policies that relate to the use of City lands and facilities by nonprofit organizations (Attachment 1). Over time, leases for City land to nonprofit organizations have been approved that are inconsistent with these policies. In addition, the procedures for negotiating and administering leases are under the control of multiple departments and a variety of procedures are followed in the processing of these agreements.

This issue was first presented to the Natural Resources and Cultural Committee on March 28, 2001. The Manager was directed to hold information gathering workshops with stakeholder groups through the use of an outside facilitation service and report back to the Committee for a discussion of the policy issues associated with the leasing of City land to nonprofit organizations.

Real Estate Assets Department (READ) retained Collaborative Services to facilitate the workshops which were held on May 10th at 4:00 p.m. and May 17th at 7:00 p.m. at the Balboa Park Club in Balboa Park. Both workshops were well publicized with over 500 invitations sent out. The City's Communications Manager also issued a public service announcement media release.

The workshops consisted of focused discussion on the leasing of City land and facilities with the following categories of nonprofit groups:

- S Childcare
- S Economic Development/Redevelopment
- S Education and Training
- S Museums and Cultural Centers
- S Social and Medical Services
- S Youth Organizations and Sports

The workshops were attended by over 100 people representing over 80 nonprofit groups. Their individual comments are contained in the Facilitator's Report (Attachment 2). Three major themes emerged from the two meetings:

- ! Nonprofit organizations are proud of the services they provide and their overall favorable impact on the quality of life in San Diego.
- ! It is difficult, but not impossible, to place an approximate value on the services nonprofit organizations provide.
- ! There needs to be clear policies and procedures, including clearly defined timelines for negotiations and contracts. In addition, there is a need for a centralized contact who is accountable for moving the lease through the process.

DISCUSSION

The City has maintained a strong commitment to the ongoing support of the nonprofit community due to the recognition of the value of their services and what they add to the quality of life in San Diego. Numerous subsidies are provided to the nonprofit community by the City that include free and subsidized rent, capital improvements, ongoing facility maintenance, TOT and Community Development Block Grant allocations. However, there

has been an inconsistent approach to negotiating the leases as well as in the application of existing Council Policies.

In order to develop policy alternatives that will provide reasonable access and consistent procedures and guidelines for the leasing of City property to nonprofit organizations, staff will present the existing policies, current practices, and a range of alternatives to the Committee focusing on the following issues:

- ! Lease Term
- ! Use Clause
- ! Facilities Maintenance and Capital Improvements
- ! Rent/Administrative Costs
- ! Future Availability/Selection Process
- ! Centralized Control of the Leasing Process

Following Committee discussion, staff will engage representatives from each nonprofit category in a dialogue to develop acceptable policy alternatives. Staff will return to the Committee by December 2001 with recommended policies and procedures for consideration.

Respectfully submitted,

William T. Griffith
Real Estate Assets Director

Approved: Bruce Herring
Deputy City Manager

GRIFFITH/JAB

The attachments are not available in electronic format. A copy is available for review in the Office of the City Clerk.

- Attachments:
1. Council Policies 200-13, 300-12, 700-02, 700-13, 700-04, 700-08, 700-10, 700-12 and 700-19
 2. Facilitator's Report